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CIA HISTORICAL REVIEW PROGRAM  
RELEASE AS SANITIZED

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MEMORANDUM FOR: [ ]

VIA : CPP/CPS

SUBJECT : Material for [ ]

Pursuant to a request made to the undersigned by  
the DCI on 17 December, there is submitted herewith back-  
ground material on Guatemala. This material is, subject  
to approval by the DCI, for the use of [ ]

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I-1-9

Guatemala can perhaps be called the United States' "soft underbelly."

It was once before. The Nazis used Guatemala in the early stages of World War II as a base for their espionage operations. The Nazis used Guatemala particularly as a base for gathering information which helped Nazi submarines sink a great deal of American tonnage.

Now the Soviets are using Guatemala. In any hot war, unless the present Guatemalan situation changes, they will be able to use the country for submarine warfare espionage, just as the Nazis did. And in the cold war, the Soviets are using Guatemala far more intensively and effectively than the Nazis ever did.

Let's see what kind of a base the Soviets have in Guatemala. The President of the country, Jacobo Arbenz Guzman, is not exactly a Communist, but he might as well be one, considering the services he renders to the Kremlin. He not only lets the Communist Party grow, but operate at will. He has told many people, including American diplomats, that he is 100 per cent behind the so-called "social reform" plans of the Communists. He has also told many people that he can handle the Communists if they get too ambitious. President Arbenz' attitude toward the Communists is very reminiscent of certain people who called the Chinese Communists only "agrarian reformers."

President Arbenz has an attractive, talented, and energetic wife. She is not quite an Evita Peron, but she is trying hard

to become one. However, her political leanings are very much pinker than Evita's. For the last several months she has been taking instruction from Communist indoctrinators.

The top Red in Guatemala is a bespectacled, mild-looking man named Jose Manuel Fertuny. He has just spent a few weeks in the Kremlin.

A conservative estimate is that Fertuny and at least 100 other Guatemalan Communists have been intensively and carefully trained in the Soviet Union.

Best guesses on the size of Communist Party membership places it between 1,500 and 3,000. This is a much more formidable and much more cohesive political force than the poorly organized anti-Communists can muster.

This Communist aggregation has skillfully infiltrated a great deal of Guatemalan public and private life. In key spots in the allegedly non-Communist parties, you can find Communists. There are Communists in key Government posts. There are Communists throughout the school system.

The labor field is riddled with Communists. The Red bossman there is Victor Manuel Gutierrez. Gutierrez in turn is a close friend and willing pupil of Vicente Lombardo Telesano, the Mexican who heads up the Communist labor underground throughout Central and South America. At Gutierrez' bidding, Guatemalan industrial and rural workers, who would much rather earn a day's

wages, are compelled to strike, particularly against such American enterprises in Guatemala as the United Fruit Company, the International Railways of Central America, PAA, and the Empresa Electrica de Guatemala, a subsidiary of American and Foreign Power Company.

The Guatemalan Communists don't confine their activities to their own country. They train Communist agents and leaders for other Central and South American countries. They subsidize subversion throughout Latin America. They provide a haven for Communists exiled from other South American countries.

As far as the United States is concerned, the Guatemalan Communists are among the loudest shouters about American imperialism and American intervention. Fortuny, Gutierrez, and their friends have as little regard for the facts about the United States as Communists anywhere else in the world. They just say what the Kremlin tells them.

The situation is bad, but the Guatemalan Communists have their weak points. The most important of them probably is economic. The country depends very heavily on its two principal export crops, coffee and bananas. Coffee accounts for 80 per cent of Guatemala's exports. Interestingly enough, the Communists here have the same weakness that plagued the Nazis. When Guatemala during World War II came in on the side of the Allies, it expropriated the German-owned coffee firms and with that the back of German strength in the country was broken.

There are internal weaknesses too. The Guatemalan people are strongly religious and that is going to be a factor in their attitude toward Communism. Then, too, the Guatemalan Army which has so far been loyal to the Communist regime, may not always play ball with it. Finally, it is hard to believe that as fallacious and barbarous a philosophy as Communism can long be palatable to Latin Americans or any other people.